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Comprehensive business case for the application of flexible workplace strategies at the United Nations

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the report of the Secretary-General on the comprehensive business case for the application of flexible workplace strategies at the United Nations (A/69/749). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 17 February 2015. The Advisory Committee also visited the pilot space on the 18th floor of the Secretariat Building with representatives of the Secretary-General.

2. The report of the Secretary-General is submitted pursuant to General Assembly resolution 68/247 B, in which the Assembly requested the Secretary-General to submit a report no later than at its sixty-ninth session containing a comprehensive business case for the application of flexible workplace strategies at the United Nations. The Assembly noted that flexible workplace strategies in the United Nations should be aimed at improving the overall productivity and efficiency of the Organization, as well as the staff workplace environment. The Assembly also encouraged the Secretary-General to keep under review the functioning of the interdisciplinary working group on flexible workplace strategies to ensure that all relevant stakeholders, including staff representatives, are appropriately engaged. Finally, the Assembly requested the Secretary-General to ensure that the comprehensive business case includes linkages to ongoing reform initiatives, such as the Umoja enterprise resource planning project.

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II. Assessment of the potential for implementation of flexible workplace strategies at United Nations Headquarters

3. In his report, the Secretary-General states that he established an interdisciplinary working group to ensure that the flexible workplace programme is developed in a holistic way. The interdisciplinary working group includes representatives from the Office of Human Resources Management, the Office of Information and Communications Technology, the Facilities Management Service of the Office of Central Support Services and the Office of the Under-Secretary-General for Management. The interdisciplinary working group and project team were assisted by external consultants who specialize in flexible workplace strategies (see A/69/749, paras. 6 and 7).

4. The Secretary-General indicates that a comprehensive workspace utilization study was conducted on 15 floors of five buildings in New York (the Secretariat Building, DC-1, DC-2, the Innovation Luggage Building and the UNITAR Building), comprising 1,160 workspaces. It was found that, on average, between 38 and 48 per cent of the assigned workspaces are being utilized at any one time during the working day, demonstrating that space could be used more efficiently if the Secretariat were to introduce flexible workplace strategies (ibid., paras. 8 and 10).

5. According to the report, a detailed analysis was conducted of the existing infrastructure of the New York real estate portfolio of the Secretariat, which concluded that the Secretariat Building was the most suitable building for a flexible workplace programme. It also found that the UNITAR Building already had characteristics of a flexible workplace and that the FF Building would be a good candidate for implementation of a flexible workplace. DC-1, DC-2 and the Innovation Luggage Building would require major renovations for the implementation of a flexible workplace and are therefore not being considered for implementation (ibid., paras. 13 and 14).

6. In paragraph 15 of the report, it is indicated that a flexible workplace depends on technological solutions to support its principles, including mobile equipment, the existing Mobile Office service, the existing Unite suite and the existing Internet protocol telephone system. According to the Secretary-General, the goal is to tailor implementation to the specific needs of departments and offices based on the specific mix of tasks performed. The Secretary-General describes five space planning profiles identified for United Nations Headquarters, based on the level of privacy required for the type of work to be performed, the amount of focused work required, requirements such as access to libraries or other reference documents and technology requirements, and the amount of external and internal collaboration needed. The five profiles — executive profile, policy profile, collaboration profile, privacy profile, and operations support profile — and their distribution across the Headquarters staff population are detailed in paragraph 16 and table 1 of the report.

III. Pilot programme

7. The Secretary-General explains that in order to test the application of a flexible workplace in a United Nations working environment, a pilot programme was developed and implemented on the 18th and 19th floors of the Secretariat Building, involving 128 staff from the Strategic Planning and Staffing Division of

the Office of Human Resources Management. Eight different space types were tested as part of the pilot: reception, quiet zone, collaboration zone, meeting suite, director/meeting suite, work lounge, focus booth and library. Staff were not assigned to one specific work seat in the pilot area; instead the seats were "shared" on an as-needed basis, using a 0.81 to 1.00 seat-to-person ratio (81 work seats for 100 staff). All participants in the pilot were equipped with laptops and smartphones and had the flexibility to choose how and where they worked within the pilot workspace area depending on their work requirements at the time and their personal work style (ibid., paras. 26, 30 and 35 and table 2).

8. The Secretary-General indicates that the parts of the 18th and 19th floors of the Secretariat Building being used for the pilot formerly had 84 work seats; 21 work seats were added through reconfiguration, amounting to a total of 105 work seats. The Secretary-General states that the pilot has shown that 128 staff can operate comfortably in a space with 105 work seats. He indicates that, in addition to these space efficiency gains, 15 work seats in DC-1 can now be assigned to other departments (ibid., para. 42).

9. The Secretary-General states that at an early stage of the pilot, all 60 participants on the part of the 18th floor subject to the pilot at the time were asked their preference. Of the 35 responses, 16 preferred the pilot space, 8 preferred the space before the pilot and 11 had no preference (ibid., para. 34; see also paras. 32 and 33 below).

IV. Business case findings and conclusions

10. On the basis of the pilot, the Secretary-General concludes that a flexible workplace programme can improve the overall quality of the workplace experience at the United Nations and that the Organization can avoid significant long-term commercial real estate lease requirements at Headquarters through space efficiencies gained by implementing such a programme. The Secretary-General states that the one-time implementation and recurrent operating costs of flexible workplace strategies are modest relative to the long-term savings from the real estate to be vacated (A/69/749, para. 43).

11. The total estimated project cost for the implementation of the proposed flexible workplace strategies at United Nations Headquarters is $49.6 million. Upon completion of the project, an 18 per cent reduction in the overall office space portfolio at United Nations Headquarters is anticipated. The Secretary-General compares the estimated project costs to an estimated reduction in annual commercial lease rental costs of $18.1 million in 2018 and $19.8 million thereafter, once the Secretariat relinquishes the leases in three commercial buildings it currently occupies in New York. The leases for the three buildings, the Daily News Building, the Albano Building and the Court Square Building, will expire in 2017 and early 2018. According to the Secretary-General, the full cost of the project would be offset by the reduction in rent and maintenance by 2020, after which an annual rent and maintenance reduction of $19.8 million would be achieved (ibid., paras. 47-49).

12. Regarding the qualitative benefits of a flexible workplace, the Secretary-General states that benefits to the individual include having more choice about where and how to work. He also states that a flexible workplace environment fosters

collaboration and interaction with colleagues and increases connectivity and collaboration across the Organization regardless of location (ibid., paras. 44 and 45).

13. **The Advisory Committee commends the quality of the Secretary-General's report, which sets out clearly the cost-benefit analysis undertaken and the qualitative and quantitative benefits of flexible workplace strategies at United Nations Headquarters, as mentioned above. The Committee is of the view that the Secretary-General has presented a sound business case and recommends implementation of a flexible workplace at Headquarters. In this regard, the Committee emphasizes that the anticipated savings arising from the termination of the leases in the Daily News, Albano and Court Square Buildings are integral to the business case and that therefore it would be crucial to ensure the timely vacating of the leased office space in the three buildings.**

14. **With respect to the impact of a flexible workplace on overall productivity, as referred to by the General Assembly in its resolution 68/247 B, the Advisory Committee recognizes the difficulty in measuring productivity across the different functions performed in the Organization, but nonetheless considers that factors for the improvement of overall productivity should be taken into account in the implementation of a flexible workplace and reflected in the next report of the Secretary-General on a flexible workplace.**

V. Implementation plan for a flexible workplace at Headquarters

15. The proposed implementation plan would involve the conversion of 26 floors of the Secretariat Building and 8 floors of the FF Building to a flexible workplace configuration to create additional capacity for approximately 800 staff in the Secretariat Building and approximately 150 staff in the FF Building. The additional capacity would allow the leased office space in the Daily News, Court Square and Albano Buildings to be vacated by the time the leases end. The Secretary-General states that preliminary planning and preparatory work could begin in April 2015, with construction work in the Secretariat Building to start in September 2015 for projected completion in late 2017 and construction work on the FF Building projected for completion in February 2018 (ibid., para. 66). The Advisory Committee was informed upon enquiry that the Assistant Secretary-General for Central Support Services was the project owner of the flexible workplace initiative.

16. Upon enquiry concerning the floors in the Secretariat Building that are not proposed for conversion, the Advisory Committee was informed that those floors had specific dedicated functions and pockets of office space mostly for those people who need to be close to where their functional responsibilities are carried out. These include: the 1st basement (the Meetings Servicing Unit of the Department for General Assembly and Conference Management); the 1st floor (entrance lobby); the 2nd floor (the Protocol and Liaison Service, the Office of the Spokesperson of the Secretary-General, the Media Accreditation and Liaison Service of the Department of Public Information); the 3rd floor (external media); the 4th floor (external media, the Department of Public Information); 5th floor (the Medical Services Division of the Department of Management, Office of the Group of 77); 7th floor (United Nations Operations and Crisis Centre); 15th and 26th floors (elevator transfer floors); 37th and 38th floors (Office of the Secretary-General) and mechanical floors.

17. The Secretary-General indicates that construction of internal swing space in the Secretariat Building would be necessary to accommodate the staff moves required for the implementation plan (ibid., para. 66). **Noting the impact of staff moves on productivity and the staff workplace environment, the Advisory Committee stresses that the use of swing space for the implementation of a flexible workplace should be managed so as to ensure a limited number of staff moves.**

18. Table 6 of the report sets out the proposed space efficiency gains achievable through the implementation of a flexible workplace at Headquarters. Upon enquiry, the Advisory Committee was informed that the estimate of efficiency gains contained in the present report was more refined than that in the previous report on implementation of a flexible workplace (A/68/387), which had utilized a planning assumption of a 20 per cent reduction in office space needs. Both reports used a baseline of 220 square feet (20.4 square metres) per person, which is the current space allocation per person applicable to the Secretariat Building. The Committee was further informed that the estimated 33 per cent gain in accommodation capacity in the Secretariat Building would equate to a 25 per cent reduction of office space needs for the affected population, while the estimated 27 per cent gain in accommodation capacity in the FF Building would equate to an approximately 21 per cent reduction of office space needs for the affected population.

VI. Resource requirements

19. The proposed cost of implementation of a flexible workplace at Headquarters would amount to an estimated $49,598,600, comprising planning and design services ($500,000); Secretariat Building reconfiguration costs ($31,366,800); FF Building reconfiguration costs ($13,335,700); the initial swing space fit-out and operation cost ($2,305,900); the cost of additional staff moves to off-campus buildings (outside the flexible workplace scope) ($715,000); and the cost of the project team ($1,375,200) (A/69/749, para. 69).

20. With respect to the proposed Secretariat Building reconfiguration costs, the Secretary-General states that the total cost is based on an estimated unit cost per square foot/metre (ibid., para. 71). Upon enquiry, the Advisory Committee was informed that the per unit costs for light construction and reconfiguration of the Secretariat and FF Buildings were estimated by the consultants using the costs of similar recent projects at the United Nations in New York and industry standard costs, and taking into consideration the nature of the work required in both buildings.

21. Annex II of the report sets out in detail the fit-out costs per square foot for the Secretariat and FF Buildings. Upon enquiry, the Advisory Committee was informed that the construction and reconfiguration costs were different for the Secretariat and FF Buildings because the works required in those buildings would be substantially different. With respect to the proposed costs for permits and building charges, the Committee was informed that the costs related to obtaining building permits and approval from the landlord for construction works in rental buildings. The Committee was also informed that for works in buildings owned by the United Nations, there was a review process involving consultation and coordination with local authorities to ensure that the United Nations follows all relevant local codes.

For this process, the services of architectural consultants are required. The Committee was further informed that, based on the experience of the capital master plan, it is estimated that the equivalent costs in the Secretariat compound were approximately half that applicable in leased premises. Consequently, building and permit charges for the FF Building are estimated at $2 per square foot/$18.6 per square metre, as compared to $1 per square foot/$9.3 per square metre in the Secretariat Building.

22. In respect of the initial swing space fit-out and operation costs, the Advisory Committee was informed upon enquiry that if the temporary North Lawn Building were to be used to provide the same amount of swing space for the proposed flexible workplace project, the costs would be approximately the same as for the proposed swing space in the basement of the Secretariat Building. The Committee was further informed that additional swing space in the temporary North Lawn Building could be created. This would incur greater swing space configuration costs but would reduce the overall number of moves by providing more flexibility in planning moves and hence reduce moving costs. Furthermore, the additional flexibility would give greater assurance that the space leased in the Albano, Daily News and Court Square Buildings would be vacated on time.

23. Upon enquiry as to the costs related to the personal information technology package (laptop and smartphone) to be provided to staff for a flexible workplace, the Advisory Committee was informed that 9 smartphones had been issued to the staff prior to the pilot, with an additional 98 smartphones issued in support of the pilot. The Committee was informed that the cost incurred for smartphones for the pilot was $3,000, in addition to recurring costs of $50 per month per device. Furthermore, 100 laptops, 90 docking stations, 111 monitors and accessories, such as carrying cases, mice and theft deterrent devices, were procured at a total cost of $165,000, as replacements to desktop personal computers. **Notwithstanding its recommendation in paragraph 26 below, the Committee is not fully convinced of the rationale for providing both a smartphone, including a data plan, and a laptop to each staff member and is of the view that the Secretary-General should explore other alternatives. The Committee is also of the view that the costs related to the personal information technology package are considerable. The Committee therefore recommends that the General Assembly request the Secretary-General to review the package and the related costs for 2015 and to report on any reductions in the context of his performance report for the biennium 2014-2015.**

24. Upon enquiry, the Advisory Committee was informed that the estimated costs for furniture do not assume the use of existing furniture, except for some items of loose furniture. In flexible workplace areas, new furniture installed during the capital master plan would no longer be used. The Committee was also informed that the Secretariat would pursue options to sell any surplus furniture as part of the procurement of furniture for the flexible workplace project and that this had been factored into the cost estimates.

25. Resource requirements in respect of the biennium 2014-2015 would amount to $5,819,000 during 2015, including the proposed establishment of three general temporary assistance positions (1 P-5, 1 P-4 and 1 General Service (Other level)), contractual services, and furniture and equipment costs. The Secretary-General requests commitment authority for the 2015 costs and authority to use the Working

Capital Fund and the Special Account established by the General Assembly in its resolution 3049 A (XXVII) in the amount of $5.8 million on a cash-flow basis. The Secretary-General intends to present a funding proposal for the overall project costs (i.e. an additional $43.8 million for 2016 to 2018) in his next progress report, to be submitted at the main part of the seventieth session of the General Assembly (ibid., paras. 79-81).

26. Upon enquiry, the Advisory Committee was informed that as at 13 February 2015 the United Nations had a total of $384 million as reserves for managing cash flow of regular budget activities, comprising the Working Capital Fund ($150 million) and the Special Account ($234 million), and that the level of borrowing from the reserves amounted to $84 million as at 11 February 2015. **The Committee recommends approval of the requested resources in respect of the biennium 2014-2015 and, in that regard, recommends that the General Assembly authorize the Secretary-General to enter into commitments up to the amount of $5,819,000 and, on an exceptional basis, to use the Working Capital Fund and the Special Account to fund a flexible workplace in the amount of $5,819,000 on a cash-flow basis.**

27. **With respect to the remaining costs for 2016-2018, the Advisory Committee encourages the Secretary-General to review the requirements for possible reductions, in particular, the costs of the personal information technology package (see para. 23 above), and to consider the possibility of using existing furniture and reusing the replaced desktop personal computers to the maximum extent possible.**

VII. Other matters

Linkages with other initiatives

28. In paragraph 60 of his report, the Secretary-General explains that the concept of flexible workplace strategies is aligned closely with other transformative initiatives currently under way in the United Nations. With respect to Umoja, he states that, as staff would be able to draw on the common enterprise resource planning platform and execute many workflows in a harmonized and location-independent manner, the deployment of Umoja would be conducive to flexible working. **The Advisory Committee recommends that the General Assembly request the Secretary-General to ensure that linkages with other ongoing reform initiatives within the Organization, such as the deployment of Umoja, are taken into account in the implementation of a flexible workplace.**

Strategic heritage plan

29. The Secretary-General indicates that a dedicated project manager from the strategic heritage plan team participated in the interdisciplinary working group and that the strategic heritage plan team will consider how various flexible workplace strategies may be applied at the United Nations Office at Geneva (see A/69/749, para. 61). Upon enquiry as to the application of the proposed seat-sharing ratio (0.8:1) to the strategic heritage plan, the Advisory Committee was informed that it was not possible to provide a comparative table, as the space requirements for the strategic heritage plan were still being confirmed and developed. The Committee was further informed that the design team was developing a standard space module

approach based on minimum Swiss code requirements and physical constraints within the existing structures, and it was anticipated that the design would be sufficiently developed to make such calculations in July 2015.

30. The Advisory Committee was also informed upon enquiry that one of the key objectives of the strategic heritage plan had been to increase the overall office capacity of the buildings of the Palais des Nations by 25 per cent, to accommodate approximately 707 additional staff. The Committee was further informed that since there was presently no official guidance on flexible workplace strategies, the work of the design firm to optimize space utilization was based on the current space planning guidelines adopted by the Secretariat. **The Committee recommends that the General Assembly request the Secretary-General to incorporate flexible workplace strategies in the ongoing development of the strategic heritage plan and to provide an update in his next report on the strategic heritage plan.**

Other duty stations

31. The Secretary-General further explains that to assist other duty stations in implementing flexible workplace strategies, the expert consultant team was tasked with developing guidance documents regarding how the process at United Nations Headquarters was conducted and how it could be repeated. This guidance document would be further developed and refined using lessons learned as New York and Geneva proceed and could be applied to projects being planned at other duty stations as part of the strategic capital review (ibid., para. 85). The Advisory Committee's comments and observations on the strategic capital review are set out in its report in document A/69/811. **The Committee recommends that the General Assembly request the Secretary-General to assess the potential for application of flexible workplace strategies in all duty stations across the Organization and to provide this information in his next report on a flexible workplace.**

Staff workplace environment

32. Regarding staff readiness and interest in a flexible workplace, the Secretary-General notes from a survey of Headquarters staff launched by the Department of Management in February 2014 that, while the general response from the survey at the early stages was positive, further engagement with the staff reveals that the readiness for change varies widely across the Organization; some teams and individuals welcome the flexible workplace strategies and others are less enthusiastic about them (ibid., paras. 21 and 22; see also para. 9 above).

33. In this regard, the Advisory Committee was informed by the Assistant Secretary-General for Central Support Services that implementation of a flexible workplace would need to follow a detailed and in-depth analysis of work needs and styles and be developed through direct consultations with the departments and work groups involved. The Assistant Secretary-General also indicated that the Secretary-General stressed that flexible workplace solutions must be tailored to the specific needs of those implementing them, and direct engagement and consultation was necessary for the success of the initiative. Furthermore, the Assistant Secretary-General stated that a flexible workplace could succeed and deliver tangible benefits in terms of staff morale and satisfaction with the physical workplace and that the Secretary-General maintained that achieving those benefits should remain the primary objective of a flexible workplace. In paragraph 86 (d) of his report, the

Secretary-General indicates that the Secretariat would continue regular engagement with staff representatives and all relevant stakeholders, should the implementation plan be approved by the General Assembly. **The Advisory Committee welcomes the Secretary-General's intention to continue to engage with staff representatives, noting that the implementation of a flexible workplace should take into account staff considerations, including staff workplace environment needs and applicable health standards, and trusts that the Secretary-General will reflect information in this regard in his next report on a flexible workplace.**

VIII. Conclusion

34. **Subject to its observations and recommendations above, the Advisory Committee recommends that the General Assembly:**

(a) **Take note of the progress made since the issuance of the last report of the Secretary-General on a flexible workplace at United Nations Headquarters;**

(b) **Approve the next steps for the implementation of flexible workplace strategies at the United Nations, as described in section XI of the report of the Secretary-General;**

(c) **Approve the proposed scope of the United Nations Headquarters flexible workplace project, as described in section VII of the report of the Secretary-General, including its implementation schedule for the period from 2015 to 2018 inclusive;**

(d) **Approve the establishment of three temporary positions (1 P-5, 1 P-4 and 1 General Service (Other level)) with effect from 1 April 2015;**

(e) **Authorize the Secretary-General to enter into commitments up to the amount of $5,819,000 in respect of the project costs through 2015, as set out in table 10 of the report of the Secretary-General;**

(f) **Authorize the Secretary-General, on an exceptional basis, to make use of the Working Capital Fund and the Special Account established by the General Assembly in its resolution 3049 A (XXVII) to fund the United Nations Headquarters flexible workplace project in the amount of $5,819,000 on a cash-flow basis;**

(g) **Request the Secretary-General to submit his next report on flexible workplace strategies at the United Nations to the General Assembly at its seventieth session, including the estimated remaining project costs for 2016, 2017 and 2018 and the funding modalities.**